



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Region 6

**1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733**

July 28, 2014

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE, Rom 1A
Washington, DC 20426

RE: Final Environmental Impact Statement (FEIS) for Freeport LNG Liquefaction Project
Phase II Modification in Brazoria County, Texas

Dear Ms. Bose:


In accordance with our responsibilities under Section 309 of the Clean Air Act (CAA), the National Environmental Policy Act (NEPA), and the Council on Environmental Quality (CEQ) regulations for implementing NEPA, the U.S. Environmental Protection Agency (EPA) Region Office in Dallas, Texas has completed its review of the Federal Energy Regulatory Commission (FERC) FEIS for Freeport LNG Liquefaction Project Phase II Modification in Brazoria County, Texas. The proposed Phase II Modification Project includes modification to the previously authorized LNG vessel berthing dock, LNG transfer pipelines, LNG unloading arms, and the access road system. The Liquefaction Plant would consist of three propane pre-cooled mixed refrigerant liquefaction trains which are each capable of producing 4.4 million metric tons per annum for export.

EPA provided comments on the Draft Environmental Impact Statement (DEIS) on May 5, 2014, in which the DEIS was rated as "Environmental Concerns and Insufficient Information" (EC-2). EPA continues to have environmental concerns with environmental justice and surrounding communities; wetlands, indirect effects, and greenhouse gas emissions. We have enclosed detailed comments that identify our concerns and recommendations for additional analysis in the Record of Decision (ROD).

EPA appreciates the opportunity to review the FEIS. Please note that a copy of this letter will be published on our website, <http://www.epa.gov/compliance/nepa/eisdata.html>, in order to fulfill our responsibility under Section 309 of the CAA to inform the public of our views on the proposed Federal action. Please send a copy of the ROD to my attention.

If you have any questions or concerns, please contact Kimeka Price at (214)665-7438 or via email at price.kimeka@epa.gov for assistance.

Sincerely,


for John Blevins, Director
Compliance Assurance and
Enforcement Division

Enclosure

**DETAILED COMMENTS
ON THE
FEDERAL ENERGY REGULATORY COMMISSION
FINAL ENVIRONMENTAL IMPACT STATEMENT
FOR
FREEPORT LNG LIQUEFACTION PROJECT
PHASE II MODIFICATION
IN BRAZORIA CONUTY, TEXAS**

The following comments are offered for FERC's consideration in preparation of the Record of Decision:

Environmental Justice and Surrounding Communities

We appreciate that the FEIS corrects and adds additional demographic information in Tables 4.8.7-1 to 4.8.7-3 and includes a map showing Census Block groups and the project location. The FEIS indicates that the proposed project would affect some block groups that have a higher percentage of low-income and minority populations than Brazoria County, and that there are also other block groups affected by the proposed project that have a lower percentage of low-income and minority populations. However, given this mix of block groups, the FEIS concludes that impacts from the facility "are not differentiated across minority and non-minority areas" and that "the same is true for percent of persons living below the poverty line." We are concerned that the FEIS does not provide an analysis to support this conclusion and does not demonstrate that the risk and rate of exposure from environmental hazards is not significant and/or not appreciably higher to minority populations and/or low-income populations than for the general population. Moreover, in making this conclusion, we are concerned that the FEIS does not recognize that minority and/or low-income populations are often susceptible to unique risks from the proposed action due to special vulnerabilities, e.g., pre-existing health conditions that are higher than averages in other communities and unique routes of exposure, e.g., use of surface or well water in rural communities.

The FEIS also summarizes a number of "significant and unavoidable" impacts to residents of the Town of Quintana, which is included in the block group that was identified as an environmental justice community. These impacts include increased traffic congestion, increased turbidity in surface waters from dredging, and long-term noise impacts from pile-driving activities. While the FEIS indicates that impacts to residents will be minimized to the extent possible, the FEIS does not provide specific details regarding these mitigation measures, and that the impacts will remain significant.

Recommendation:

We recommend that FERC re-evaluate the FEIS's conclusion that the proposed project will not disproportionately affect minority and low-income populations in the project area. We also recommend that FERC work with the residents of the Town of Quintana to more clearly identify the proposed mitigation measures for the identified significant

impacts and explore opportunities for additional mitigation measures to reduce the severity of the anticipated impacts.

Indirect Effects

EPA suggests FERC consider the potential for increased natural gas production as a result of the proposed Freeport LNG terminal and the potential for environmental impacts associated with these potential increases. Both FERC and the Department of Energy (DOE) have recognized that an increase in natural gas exports will result in increased production.¹ However, the FEIS concludes that the nature of natural gas supply and pipeline system in the U.S. makes it difficult to predict accurately where the additional gas development activity will occur and thus concludes that it is not feasible to more specifically evaluate localized environmental impacts. DOE has recently released a draft study by the National Energy Technology Laboratory (NETL), entitled “Draft Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States²”. We note that NETL recognizes that many of the potential impacts will vary considerably by location where the production occurs due to differences in hydrology, geology, ecology, air quality, regulatory structure and other factors. Nonetheless, the Addendum provides the kind of conceptual level analysis of the types of impacts that are likely to occur from increased production. We recommend that this study be considered as part of the decision making for this project and incorporated by reference in future NEPA documents.

Greenhouse Gas Emissions

There are greenhouse gas (GHG) emissions associated with the production, transport, and combustion of the natural gas proposed to be exported by the project. The FEIS contains helpful discussion of the GHG emissions associated with construction of the project, and annual emissions from the operation of the liquefaction facility. DOE has recently issued two documents that are helpful in assessing the GHG emissions implications of the project. They are the Draft Addendum mentioned above, and NETL’s recent report, entitled “Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States³”. These reports provide a helpful overview of GHG emissions from all stages of a project, from production through transmission and combustion. The GHG report also includes comparative analysis of GHG emissions associated with other domestic fuel sources and LNG exports as they relate to other possible fuel sources in receiving regions. This information is helpful to decision makers in reviewing the foreseeable GHG emissions associated with the increased production of natural gas and the export of LNG and how they compare to other possible fuels. EPA recommends both DOE reports be considered as part of the decision making process for this

¹ Effect of Increased Natural Gas Exports on Domestic Energy Markets, as requested by the Office of Fossil Energy, US Energy Information Administration. January 2012 (http://energy.gov/sites/prod/files/2013/04/f0/fe_eia_lng.pdf) and Cameron LNG EIS, Appendix L (Response to Comments), p. L-36 (<http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13530753>)

² Draft Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States. DOE. (http://energy.gov/sites/prod/files/2014/05/f16/Addendum_0.pdf)

³ Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States. DOE/NETL-2014/1649 (<http://energy.gov/fe/life-cycle-greenhouse-gas-perspective-exporting-liquefied-natural-gas-united-states>)

project and incorporated by reference in future NEPA documents. FERC may also want to consider adapting this analysis to more specifically consider the GHG implications of this project.

Wetlands

The FEIS identifies that Freeport LNG filed a Wetland Mitigation Plan with FERC, and FERC would provide USACE with a Compensatory Wetland Mitigation Plan. While the FEIS references Freeport LNG's Compensatory Wetland Mitigation Plan, the plan is not included. EPA has not had an opportunity to review. Thus, EPA requests that the final Plan be incorporated in the Record of Decision.